

DEPARTMENT OF SOCIAL SERVICES

744 P Street, Sacramento, California 95814



January 11, 1999

ALL COUNTY INFORMATION NOTICE NO. I-02-99

TO: ALL COUNTY WELFARE DIRECTORS
ALL WELFARE-TO-WORK COORDINATORSREASON FOR THIS TRANSMITTAL

- ☐ State Law Change
☐ Federal Law or Regulation
Change
☐ Court Order
☐ Clarification Requested by
One or More Counties
☒ Initiated by CDSS

SUBJECT: NEW WELFARE-TO-WORK HOUSING VOUCHERS

REFERENCE: VETERANS AFFAIRS AND HOUSING AND URBAN DEVELOPMENT,
AND INDEPENDENT AGENCIES APPROPRIATIONS ACT, 1999, TITLE
II – DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

This letter will provide information about recent federal legislation that provides 50,000 new Section 8 housing vouchers intended to assist families transition from welfare-to-work. The U.S. Department of Housing and Urban Development (HUD) will make awards to Public Housing Agencies (PHAs) through a national competition. Only PHAs with the most promising plans for using the vouchers will receive awards. While applicants must be a PHA, the federal statute requires their proposals be developed in consultation with state or local agencies administering the Temporary Assistance for Needy Families (TANF) program and the Department of Labor's Welfare-to-Work (WtW) grants. The statute also requires that all proposals include certification from these agencies that they support the PHA's application and will cooperate with the PHA to ensure coordinated delivery of welfare-to-work services. A limited number of these vouchers have already been committed in the federal legislation to local self-sufficiency welfare-to-work initiatives, including San Bernardino County.

Attached for your reference are excerpts on the "Conference Report to accompany H.R. 4194," and a joint memo from the American Public Human Services Association, the Council of Large Public Housing Authorities, the National Association of Housing and Redevelopment Officials, and the Center on Budget & Policy Priorities providing a description of the primary features of the new program. In general, the proposals must:

- Describe the intended program;
- Demonstrate that the requested vouchers are critical to the success of assisting eligible families to obtain or retain employment;
- Specify the criteria for selecting among eligible families to receive housing assistance;

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- Describe the proposed strategy for tenant counseling and housing search assistance and landlord outreach; and
- Include any requests for waivers of any HUD administrative requirements, including a demonstration of how approval of the waiver would substantially further the program's objectives.

We anticipate that HUD will issue a Notice of Funding Availability (NOFA) in January 1999 or shortly thereafter. HUD NOFAs are posted in the Federal Register and are available on the Internet at <http://www.hudclips.org>. PHAs interested in making a proposal may request an application kit by contacting the Super NOFA Information Center at 1-800-HUD-8929.

As collaborative efforts take time, and we anticipate that applicants will only be given 60 to 90 days to submit complete proposals, we strongly encourage counties to immediately make the appropriate contacts and begin the planning process. Both HUD and the California Department of Housing and Community Development (HCD) maintain contact lists of PHAs on the Internet. You can locate HUD's contact list at http://www.hud.gov/pih/pha/pha_stat.html and HCD's contact list at <http://www.hcd.ca.gov/hrc/contacts.htm>.

If you have any questions or need additional information, please contact Jennifer Calaté, Program Analyst, at (916) 654-1441 or by e-mail at jcalate@dss.ca.gov or Karen Kennedy, Program Manager, Work Support Services Program at (916) 657-3400.

Sincerely,

***Original Document Signed By
Jo Weber on 1/11/99***

JO WEBER, Chief
Work Services and Demonstration Projects Branch

Attachments

Conference Report to accompany H.R. 4194

October 5, 1998

Title II Department of Housing and Urban Development

For tenant-based assistance under the United States Housing Act of 1937 to help eligible families make the transition from welfare to work, \$283,000,000 from the total amount provided under this heading, to be administered by public housing agencies (including Indian tribes and their entities, as defined by the Secretary of Housing and Urban development), and to remain available until expended: Provided, That families initially selected to receive assistance (1) shall be eligible to receive, shall be currently receiving, or shall have received within the preceding two years, assistance or services funded under the Temporary Assistance for Needy Families (TANF) program under part A of title IV of the Social Security Act or as part of a state's qualified expenditure under section 409(a)(7)(B)(i) of such Act; (2) Shall be determined by the agency to be families for which tenant-based housing assistance is critical to successfully obtaining or retaining employment; and (3) shall not already be receiving tenant-based assistance under the United States Housing Act of 1937: Provided further, That each application shall: (1) describe the proposed program, which shall be developed by the public housing agency in consultation with the State, local or Tribal entity administering the TANF program and the entity, if any, administering the Welfare-to-Work grants allocated by the United States Department of Labor pursuant to section 403(a)(5)(A) of the Social Security Act, and which shall take into account the particular circumstances of the community; (2) demonstrate that tenant-based housing assistance is critical to the success of assisting eligible families to obtain or retain employment; (3) specify the criteria for selecting among eligible families to receive housing assistance under this paragraph; (4) describe the proposed strategy for tenant counseling and housing search assistance and landlord outreach; (5) include any requests for waivers of any administrative requirements or any provisions of the United States Housing Act of 1937, with a demonstration of how approval of the waivers would substantially further the objective of this paragraph; (6) include certifications from the State, local, or Tribal entity administering assistance under the TANF program and from the entity, if any, administering the Welfare-to-Work-grants allocated by the United States Department of Labor, that the entity supports the proposed program and will cooperate with the public housing agency that administers the housing assistance to assure that such assistance is coordinated with other welfare reform and welfare to work initiatives; however, if either does not respond to the public housing agency within a reasonable time period, its concurrence shall be assumed, and if either objects to the application, its concerns shall accompany the application to the Secretary, who shall take them into account in this funding decision; and (7) include such other information as the Secretary may require and meet such other requirements as the Secretary may establish: Provided further, That the Secretary, after consultation with the Secretary of Health and Human Services and the Secretary of Labor, shall select public housing agencies to receive assistance under

this paragraph on a competitive basis, taking into account the need for and quality of the proposed program (including innovative approaches), the extent to which the assistance will be coordinated with welfare reform and welfare to work initiatives, the extent to which the application demonstrates that tenant-based assistance is critical to the success of assisting eligible families to obtain or retain employment; and other appropriate criteria established by the Secretary: Provided further, That the Secretary may use up to one percent of the amount available under this paragraph, directly or indirectly, to conduct detailed evaluations of the effect of providing assistance under this paragraph: Provided further, That of the amount made available under this paragraph, at least \$4,000,000 each shall be made available for local self-sufficiency/welfare-to-work initiatives in San Bernardino County, California; Cleveland, Ohio; Kansas City, Missouri; Charlotte, North Carolina; Miami/Dade County, Florida; Prince Georges County, Maryland, New York City, New York; and Anchorage, Alaska.



December 2, 1998

Re: New Welfare-to-Work Housing Vouchers

Dear Housing or Human Service Administrator:

We are writing to alert you to a new opportunity for housing and human service agencies to collaborate to assist families making the transition from welfare to work.

In October 1998, the President and Congress approved funding for 50,000 housing vouchers in a new welfare-to-work initiative designed to help families for whom the lack of stable, affordable housing is a barrier to employment. Through a national competition, the U.S. Department of Housing and Urban Development (HUD) will award the new housing vouchers to public housing agencies (PHAs) with the most promising plans for using the vouchers to help families make the transition from welfare to work. PHAs must develop their proposals in collaboration with state and local agencies administering the federal welfare block grant (TANF) and the Welfare-to-Work grants from the Department of Labor (DOL).

As you know, collaborative planning takes time. HUD's funding announcement is likely to be issued in January 1999 or shortly thereafter. We expect that applicants will be given only 60 to 90 days to submit complete proposals. We recommend that agencies begin planning now, as there is substantial flexibility in how local agencies can choose to design their programs.

A description of the primary features of the Welfare-to-Work Voucher Program is contained in the attachment. Please contact any of our agencies with questions. (For CBPP, contact Jeff Lubell at 202-408-1080 or by e-mail at lubell@cbpp.org; for APHSA,

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Council of Large
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630 Eye Street, NW
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202-289-3500
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Center on Budget
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820 First Street, NE, Ste 510
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contact Tim Harrison at 202-682-0100 or by e-mail at tharrison@aphsa.org; for NAHRO, contact Connie Campos at 202-289-3500 ext. 238 or by e-mail at ccampos@nahro.org; and for CLPHA, contact Debbie Gross at 202-638-1300 or by e-mail at dsgrossc@aol.com.. We will post further information on our web sites when it is available.

Robert Greenstein
*Center on Budget
and Policy Priorities*

Richard Y. Nelson, Jr.
*National Association of
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William Waldman
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Human Services
Association*

Sunia Zaterman
*Council of Large
Public Housing
Authorities*



CENTER ON BUDGET AND POLICY PRIORITIES

December 2, 1998

WELFARE-TO-WORK HOUSING VOUCHERS: AN INNOVATIVE APPROACH TO WELFARE REFORM

For 1999, the President and Congress have created a promising new program to help states achieve their welfare reform objectives. Designed to help families for whom the lack of stable, affordable housing is a barrier to employment, the Welfare-to-Work Voucher Program will provide 50,000 Section 8 housing vouchers to families attempting to make the transition from welfare to work. These vouchers can be used to help families move to areas with better job opportunities or transportation networks or to provide incentives for families on welfare to secure and retain employment.

In conjunction with state and local welfare agencies and local entities administering Department of Labor (DOL) welfare-to-work grants, public housing agencies (PHAs) will compete for the vouchers in a competition administered by the U.S. Department of Housing and Urban Development (HUD). Winners of the competition will receive an allocation of new Section 8 housing vouchers, which will carry the standard administrative fee. Applicants will have substantial flexibility to design programs that meet local needs and support local welfare reform strategies.

Communities that wish to apply for the new vouchers would be advised to begin their planning now. HUD plans to issue its request for proposals (termed a Notice of Funding Availability, or NOFA) within the next few months and interest in the new vouchers is expected to be strong. Applicants will benefit considerably from early planning and coordination among housing and welfare agencies.

Promoting Employment Through Welfare-to-Work Vouchers

The vouchers families receive through the welfare-to-work voucher program will subsidize the rents of apartments they locate in the private market. Families receiving welfare-to-work vouchers will pay approximately 30 percent of their income in rent; the difference between the family's rent payment and a "reasonable rent standard" for housing will be paid by the PHA with funds obtained through HUD.

There are any number of different ways to use the new vouchers to promote families' transition from welfare to work. The following are a few examples:

- **Addressing Job Access Problems.** Welfare-to-work vouchers may be used to help families move closer to a prospective work site or to an area with better job opportunities and transportation networks. For example, a mother from a high-poverty neighborhood could work with a job training

and employment services agency in a high-growth area in her search for a job. If successful in her job search, the mother could be given a voucher to help her move closer to her new place of employment.

Incentive to Work. Welfare-to-work vouchers may be used as a reward for families that have successfully obtained a job, thus providing additional incentives for families to move into the workforce or remain employed.

Meeting Families' Housing Needs. Welfare agencies, job training providers, and employers often are able to identify situations in which long commute time or housing instability undermine a family's ability to make the transition from welfare to work or to retain employment. But if the agency or employer directs the family to the local public housing authority, it takes an average of 26 months between the time of application and receipt of a housing voucher, and even longer in many cities. In many areas, the waiting lists are so long that they are closed to new applicants. A local welfare-to-work voucher program could be designed to permit welfare agencies, current and would-be employers and training providers to refer directly to PHAs families whose unstable housing situations or long commute times are affecting their ability to find or retain jobs.

Links with Employers. In certain areas, employers face a shortage of low-skilled labor. An employer facing a shortage of labor could make a commitment to hire a certain number of parents moving from welfare to work, and the local housing authority could commit to providing these new hires housing vouchers so they could move closer to their new jobs.

Links to Housing Producers. In certain areas, even if a mother has been offered a job and a voucher, she may be unable to move near her prospective place of employment due to an insufficient supply of housing at reasonable cost. If permitted by the NOFA, the vouchers could be tied to new units financed through federal- or state-funded production programs, such as the low-income housing tax credit or the HOME block-grant program, and located in areas with employer need and a high demand for low-skilled labor. Links with housing producers and employers could contribute to economic development efforts in such areas.

These are only a few of the different ways in which welfare-to-work vouchers can contribute to state or local welfare reform efforts. Agencies interested in applying for the vouchers may choose whatever design or combination best fits the needs of families attempting to make the transition from welfare to work in their community.

Families Eligible for Welfare-to-Work Vouchers

To be considered for one of the new welfare-to-work housing vouchers, a family must be eligible to receive, currently receiving, or a recipient within the past two years of federal or state welfare funds¹. In addition, the housing voucher must be "critical" to the family's success in obtaining or

¹ These include federal funds provided under the Temporary Assistance for Needy Families (TANF) program and qualified state expenditures under section 409(a)(7)(B)(i) of the Social Security Act (sometimes known as Maintenance of Effort funds).

retaining employment. Although families that already have Section 8 housing certificates or vouchers are not eligible participants, families participating in other housing programs are eligible. Thus, families that live in public housing or benefit from another project-based subsidy are eligible participants. Families receiving time-limited rental assistance under the HOME block grant or a state or local initiative also are eligible for the new vouchers.

The statute authorizing the welfare-to-work voucher program does not specify how participants are to be selected from the large number of eligible families. While HUD's NOFA may provide some guidance on this issue, we expect that agencies awarded welfare-to-work vouchers will have substantial freedom to determine which families receive the vouchers². Agencies interested in applying for welfare-to-work vouchers should give this matter careful attention, as they are likely to be required to specify in their application how they plan to select families to participate.

Agencies Eligible to Apply for Funds

Congress clearly envisions the close collaboration of PHAs and other agencies in developing and implementing local welfare-to-work voucher programs. While the applicant for funds to administer a welfare-to-work voucher program must be a PHA, the statute requires that PHAs develop their proposed programs "in consultation" with state or local agencies administering the TANF program (i.e., welfare agencies) and DOL Welfare-to-Work grants (in most cases, local Private Industry Councils). The statute also requires that each application be accompanied by certification from these other agencies that they support the PHA's application and will cooperate with the PHA to ensure the coordinated delivery of welfare-to-work services.

In light of Congress' intent to foster coordinated efforts to help families receiving the new vouchers move from welfare to work, we expect HUD will give preference in funding to PHAs exhibiting close and thoughtful coordination and collaboration with other agencies. The better applications are likely to spell out in some detail the different services each agency promises to contribute to make the program a success. Applicants should think creatively and specifically about the types of services that welfare agencies and recipients of DOL grants can provide to complement the housing component of this program and help participating families both find and retain employment.

Prospective applicants also should consider the possibility of additional partners, such as employers, nonprofit organizations or government agencies other than those specifically mentioned in the statute. The participation of these entities could enhance the effectiveness of the program and increase its base of local support.

² There are a few basic constraints on the tenant selection process for federal housing programs that will apply to the welfare-to-work voucher program. One constraint is the Fair Housing Act, which prohibits discrimination on the basis of race, color, national origin, religion, sex, family status, or disability. Another is the requirement in the Quality Housing and Work Responsibility Act of 1998 that at least three of every four families provided federal housing vouchers have incomes below 30 percent of the area median income.

In addition to facilitating coordination among different agencies and building local support, partnerships can provide services (or funding for services) to help participating families find and retain jobs. The vouchers awarded through the welfare-to-work program will carry the standard Section 8 administrative fee, which is unlikely to be sufficient to cover all the services that applicants may wish to bundle with the vouchers in a comprehensive welfare-to-work program. To ensure that participating families have the supportive services they need to make a successful transition from welfare to work, applicants should reach out to partners that will provide or fund these services.

Applicants interested in providing participating families with transportation to job locations should consider partnering with agencies or organizations seeking funding under the new federal job Access and Reverse Commute program ("Job Access"). This program provides funds for transportation services that help families access jobs. Applicants for Job Access grants receive points in the funding competition for partnering with PHAs that intend to apply for welfare-to-work vouchers. To receive these points, however, job Access applicants must know of the PHA's intent to seek welfare-to-work voucher funds *as soon as possible*; applications for Job Access funds are due December 31, 1998.

Finally, PHAs may wish to partner with other PHAs. For example, a PHA that serves an area with a large number of eligible families may wish to partner with a PHA that serves a job-rich area. Similarly, a group of PHAs serving a single metropolitan region may wish to apply as a consortium to take advantage of economies-of-scale. By working and/or applying together, two or more PHAs may present a stronger application and stand a better chance of receiving an allocation of the new vouchers.⁴

Content of Proposals

The precise elements required of proposals for funding under the new program cannot be determined until HUD releases its NOFA. Applicants also must await the NOFA to learn the number of vouchers for which they may apply. The statute does, however, specify three proposal elements that applicants should consider in their initial planning.

³ The Notice of availability of funds for the Job Access and Reverse Commute Competitive Grants was published in the Nov. 6, 1998 Federal Register at p. 60167. The notice may also be found on the Internet at- <http://www.fta.dot.gov/wtw>.

⁴ Applicants also may wish to consider contracting-out some or all of the administration of the new program. This could be a good option where applicants lack in-house experience in providing desired services. This option also could be useful for PHAs that expect to be at a disadvantage in the competition due to low management ratings from HUD.

First, applicants must demonstrate that the requested vouchers are "critical to the success of assisting eligible families to obtain or retain employment" Among the factors that applicants may wish to consider in preparing to meet this proposal requirement are:

- whether potentially eligible families in their area face a shortage of decent, affordable housing.
- the extent to which there is a mismatch in their area between the affordable housing stock and the location of jobs or transportation to jobs.⁵
- how the vouchers would best be used in their area to promote employment.

Second, applicants must "describe the proposed strategy for tenant counseling and housing search assistance and landlord outreach." Experience with the housing voucher program has shown that vouchers work best when recipients receive assistance in locating suitable housing and when the administering agencies reach out to landlords to encourage them to participate in the voucher program. Such assistance will be particularly important for welfare-to-work voucher programs that seek to move participating families to areas with better job opportunities. Since landlords generally are not required to accept housing vouchers, and voucher recipients may have little or no experience with the housing market outside their current neighborhoods, housing search assistance and landlord outreach will be necessary in most communities to help voucher recipients find willing landlords in the desired neighborhoods.

The provision of housing search assistance and landlord outreach services may be a good subject for partnering arrangements. Some PHAs already have partnerships with community-based organizations to provide housing search assistance. Other organizations may be willing to provide search assistance and landlord outreach as a contribution to the program or on a contract basis if funding is obtained from other sources. Particularly in areas where employers are having a hard time locating qualified employees, local employers may be willing to join or even lead landlord outreach efforts. The support and involvement of employers in the community also may help build a base of local political support, aiding the success of the program.

Third, PHAs may (but are not required to) seek waivers of HUD program regulations. Any waivers must "substantially further the objective" of the welfare-to-work voucher program. The scope of HUD's waiver authority is presently unclear, but is likely to be clarified in the NOFA.

⁵ Among other potential sources of useful data on this subject are applicants for the Job Access Program; they are required to compile data on the location of welfare recipients, jobs and transportation networks.

Evaluation Component

Congress has directed HUD to track the success of the welfare-to-work voucher program in helping families obtain and retain employment and to prepare a formal evaluation. To obtain welfare-to-work vouchers, communities may be required to participate in the evaluation process.⁶

Conclusion

The welfare-to-work voucher program holds significant promise as a strategy for promoting employment. Because a successful application involves the cooperation and collaboration of two or more agencies, it is important to begin the planning process as soon as possible. Although this memo sketches the broad contours of the program as outlined by Congress, HUD has considerable discretion in drafting the NOFA to refine both the program and the application process. We recommend that applicants read the NOFA carefully as soon as it is available and tailor their applications accordingly. HUD NOFAs are published in the Federal Register and available on the Internet at www.hudclips.org (select "Current NOFAS" from the main menu). To the extent the NOFA differs from this program description, the NOFA obviously controls.

The Center on Budget and Policy Priorities is a nonpartisan research organization and policy institute that conducts research and analysis on a range of government policies and programs, with an emphasis on those affecting low- and moderate-income families and individuals. The Center welcomes inquiries and is interested in assisting state and local policymakers and advocates in efforts to develop initiatives at the intersection of welfare and housing policy. The Center's Director of Housing Policy is Barbara Sard. Jeff Lubell works on housing policy at the Center as a Housing Policy Analyst. Those interested in further information and assistance should contact the Center by e-mail at: lubell@cbpp.org.

⁶ It is not clear whether HUD will give extra credit in the competitive process to applicants that offer to go above and beyond what HUD requires by way of cooperation in the evaluation process. Nevertheless, a demonstrated willingness to go the extra mile in helping the evaluation succeed (e.g., by offering to participate in a controlled experiment or to commit local funds to an in-depth local evaluation) could enhance an applicant's proposal.